

Utah Tax Review Commission

Sales and Use Tax Study
Adopted January 15, 2009

Revised and Adopted September 10, 2009

- Because the Utah sales and use tax system was designed for a different economy, and there has been significant erosion in the sales tax base, the Utah Tax Review Commission (TRC) recommends that a comprehensive study be undertaken of the state's sales and use tax system to determine whether it should be revised to more closely align with the current economy.
- In conducting this study, the TRC recommends that:
 1. The following principles be followed:
 - a. Tax Final Consumption
 - b. Don't Tax Business Inputs
 - c. Don't Tax Investment and Savings
 - d. Consider Taxpayer and Administrative Simplicity
 - e. Recognize Evolving Interstate, International, and Electronic Commerce; and
 2. The following issues, among others, be addressed:
 - a. Should a sales tax be imposed on health care services and if so should it be imposed at the point of sale or on health care insurance premiums?
 - b. What should the sales tax and use treatment be of sales of new and used motor vehicles required to be registered with the state?
 - c. How should initial purchases by households of improvements to land be treated?
 - d. What should the sales and use tax treatment be of sales of food?
 - e. What are the incidence and distributional effects?
 - f. What are the effects on consumption and investment?
- The TRC provides the report of its Sales and Use Tax Working Group to the Governor and Legislature, through its Revenue and Taxation Interim Committee, for further review and consideration. The TRC recognizes that public policy questions are raised by the report that should be addressed by state policy makers with appropriate public input.